

FROM THE DESK OF THE DISTRICT DIRECTOR

"We must ensure that entrepreneurs and small businesses are a central component of our overall economic development strategy."—Governor Sonny Purdue

As I heard Governor Purdue speak these words in early February as he announced the State of Georgia's new entrepreneurial and business development initiatives, I thought of how economic development and business development have been viewed. For the longest time, they were treated as two separate disciplines that might casually cross paths. Fortunately, as evidenced by Georgia's new direction in its economic development approach, some inroads are being made in embracing the idea that economic and business development are different sides of the same coin.

The main difference between economic development and business development is the scale of the activity. In economics, macroeconomics looks at the dynamics of the overall economy while microeconomics looks at those of the individual firm.

Economic development (aka macroeconomic development) has generally been regarded as those activities supporting industrial recruitment and business retention on a larger scale. Microeconomic development (aka business development) is, in one sense, the "building block" of economic development. While the creation of an individual business may be deemed insignificant, it is the repetition of this process over time that significantly impacts job creation, tax revenues, and the overall stability of an area. It is the goal of us "microeconomic developers" to deliver the tools and resources necessary to foster an environment where the business creation and expansion process is sustained.

Since 1953, the mission of the SBA has been to "maintain and strengthen the nation's economy by aiding, counseling, assisting and protecting the interests of small businesses..." In other words, economic development done one business at a time.



Terri L. Denison

SBA Seeks Increased 7(a) Authority in its 2005 Budget

The SBA has announced a fiscal year 2005 budget request of \$678.4 million that increases loan authority for the agency's 7(a) flagship lending program and strengthens the agency's most successful programs.

The budget requests \$12.5 billion in loan guarantee authority for the 7(a) program, a 30 percent increase over the FY 2004 requested level and building on the SBA's record-breaking FY 2003 loan results.

"The SBA guaranteed a record number of loans last year, with double digit increases in the percentage of loans to women, Hispanics, African Americans and Asian Americans," said SBA Administrator Hector Barreto. "The budget request of \$12.5 billion will allow the SBA to build on the success we've had in this important loan program, and will provide more businesses with the capital needed to start up and expand."

The budget proposal also includes a zero subsidy rate for the 7(a) program, due in part to the expiration of a temporary fee reduction passed by Congress. The proposed budget provides a funding structure that will add stability and independence to the program, according to Barreto, which would no longer rely on an annual appropriation.

In January, the SBA temporarily suspended the 7(a) program for one week, and reduced the maximum loan guarantee limit from \$1 million to \$750,000 per loan in an effort to deal with a funding shortfall in the program.

(Continued on page 3)

Other Stories Inside This Issue:

<i>SBA Expo '04 Coming to Orlando, Fla.</i>	2
<i>Regional Administrator's Column</i>	2
<i>SBA Helps Clinic Open in Canton, Ga.</i>	3
<i>GWEN Conference Set for April 21-22</i>	4
<i>SBA Awards Luncheon set for May 6</i>	4
<i>SBA Holds Regulatory Hearing in Ga.</i>	4

SBA Expo '04 Coming to Orlando, Fla. May 19-21

SBA Expo '04, the agency's annual National Small Business Week commemoration, will be held in Orlando, Florida May 19-21 at the Orange County Convention Center.

The event will include many of America's leading entrepreneurs and the announcement of the *National Small Business Person of the Year*. The SBA award presentation also comes during National Small Business Week, May 16-22.

Other activities in Orlando will include a Small Business Expo of leading business exhibitors, a Business Matchmaking event, business seminars, a Town Hall meeting, and other awards for women entrepreneurs as well as state and national small business winners.

Guest speakers for Expo '04 will come from business & industry, trade groups and state and federal agencies.

SBA Expo '04 culminates national and regional events held to commemorate the SBA's 50th anniversary. The *SBA's Economic Growth Tour: Listening to Job Creators*, will continue into April at various locations around the country.

The Expo '04 was announced by Administrator Hector Barreto in Orlando the day after he spoke before the *SBA Economic Growth Tour* on January 26 in Jacksonville, Florida. At the Jacksonville event, J&B Construction and Services Inc., of Grovetown, Ga., received the District Director's Choice Award. The award recognized the company for its



Jerome Jones, left, receives his SBA Award from Terri Denison, the agency's District Director for Georgia.

Jones started his company in 1989 and obtained 18 government contracts during his firm's participation in the agency's 8(a) Business Development Program.

outstanding achievements while it was in the SBA 8(a) Business Development program.

District Director Terri Denison presented the award to H. Jerome Jones, President & CEO of J&B Construction. The company graduated from the 8(a) Program in April, 2003. Its annual revenues grew from \$2.5 million in 1994 to approximately \$18 million by 2002. J&B employment expanded from four workers in 1990 to a current staff of 55 people.

Renewed Success in 2004: the Product of Change at the SBA

By SBA Regional Administrator Nuby J. Fowler



Progress is most often the product of positive change. For the past three years, we have been making progress toward meeting Administrator Hector Barreto's goal of transforming SBA into a streamlined, customer centric, 21st century agency. It has been a bold move, but one that promises a big return for our lending partners, technical assistance partners, and most importantly, our small business customers.

I believe the success of this agency can be measured, at least in part, by the number of small businesses we touch with our training, counseling, loan guarantee and contracting programs. By that standard, we are clearly on the right track. For the first quarter of fiscal year 2004, lending activity in some states is up almost 70 percent over the same period last year. Agency wide, 2004 is shaping up to be another record setting year for SBA programs.

In the eight southern states that comprise Region IV, SBA and its partners (the Small Business Development Centers, SCORE and Women's Centers) exceeded projected 2003 counseling and training numbers by over 16 percent. Equally impressive has been the 53 percent rise in Region IV lending activity in just two years; an increase from six thousand loans in 2001 to over nine thousand in 2003. Each of those loans represents jobs. Jobs that are being retained because SBA was able to keep capital flowing through small businesses and into the economy. Jobs that are being created as new products and services hit the market. Jobs that are giving our economy the muscle it needs to push for a complete recovery in the months ahead.

From the tip of Florida to Western Kentucky and from Gulfport, Mississippi to the North Carolina Outer Banks, SBA is out there, working to help small businesses get their start, to build and to grow. I am particularly proud of the innovative work by our staff and partners across Region IV. You are making SBA a significant contributor to this economy. Together, we are building communities, creating opportunity, and helping people realize their dreams.

SBA LOAN HELPS COMMUNITY CLINIC OPEN IN CANTON

Connie Thomas, a Family Nurse Practitioner, saw the need for a small medical clinic in Canton, primarily to serve the growing Hispanic community, the uninsured and Medicaid patients. All she needed was a way to finance her clinic facility in this rapidly growing area of Cherokee County.

Before she looked for financing, Ms. Thomas took a series of workshops on starting a small business that were offered by the Small Business Development Center (SBDC) at nearby Kennesaw State University.

During the workshops, Thomas got help on a business plan that she used in obtaining a \$200,000 loan from First Cherokee State Bank in Woodstock. The SBDC also provided counseling to her on the best way to market her clinic to people in the local community.

Thomas' loan was made in November 2003 under the SBA's 7(a) program, and provided a 75 percent guarantee from the agency to encourage the bank to provide its start-up funding. First Cherokee is an SBA Preferred Lender with full delegation of lending authority from the agency.

"Without the backing of the SBA, I would not have been able to open my clinic," says Thomas, a registered nurse and native of Cobb County.

According to Thomas, response from the community to her clinic has been overwhelming. "When word got out about what we were trying to do, we received donations of



Connie Thomas, with Scissors, is Joined by Husband, Larry, other Family/Friends at Opening of her Clinic

desks, exam tables and other supplies that will help us better serve our patients."

Ms. Thomas found an ideal location for her clinic in a small house near downtown Canton. Located at 590 East Main Street, Community Healthcare Clinic Inc. offers adequate parking and is on the bus route operated by the Cherokee Transit System.

The clinic does check-ups, routine exams, treatment of minor illnesses and management of diabetes and hypertension.

SBA's 2005 Budget Puts Focus on Increased Loan Output

(Continued from page 1)

In a recent media interview, Barreto said the temporary shutdown of the 7(a) program occurred because the number of businesses seeking loans was higher than expected. "We are a victim of our own success," he said. "We ran out of money, and by law, we cannot lend money we don't have."

Last year, the agency guaranteed a record 74,000 loans, totaling \$11.2 billion.

The 2005 budget includes:

- \$4.5 billion program level for the 504 lending program with zero subsidy rate.
- \$4 billion program level for the SBIC Participating Securities program with zero subsidy rate.
- \$3 billion program level for the SBIC Debentures program with zero subsidy rate.
- A \$792 million program level for SBA disaster loans.

In an effort to provide more service to small businesses, the budget includes funding for its core non-credit programs with an emphasis on making better use of these extensive resources.

The program levels include:

- \$12 million for Women's Business Centers
- \$88 million for Small Business Development Centers
- \$5 million for the SCORE program
- \$750 for Veterans Outreach

Bill Extends 504 Loan Program

On March 15, President Bush signed into law a reauthorization bill for the SBA's 504 Loan Program, one of the agency's most important job creation programs.

The 504 program operates at no cost to the taxpayer, but does require statutory authority to charge the fees that cover the cost of the program. The bill (H.R. 3915) extends the 504 fee authority and program through May 21, 2004.

The program provides long-term fixed-rate financing to small businesses to acquire real estate, machinery or equipment for expansion or modernization. The loans are made through Certified Development Companies which are non-profit organizations dedicated to helping business grow and expand.

SBA Office Hosts Regulatory Fairness Hearing in Atlanta

The SBA's Office of the National Ombudsman heard testimony from small businesses and trade associations during a Regulatory Fairness Hearing held on December 9 in Atlanta. The hearing offered businesses and trade groups a prime opportunity to testify on federal government regulatory enforcement and compliance actions affecting their small businesses.

John Pulliam, who represented his family-owned Maddox Industries of Loganville, Georgia, told the hearing their small business was fined \$7,000 by the Occupational, Safety and Health Administration (OSHA) before it was given a chance to correct the cited problems. "We feel that we were treated unfairly," said Pulliam about the fine given the company which makes parts for major tractor manufacturers.

The OSHA fine was for a first-time offense. However, a spokesperson for OSHA told the hearing that his agency can issue an extension to fix the types of problems cited against Maddox Industries.

Werner H. Braun, President of the Carpet & Rug Institute in Dalton, Ga., said the Environmental Protection Agency (EPA) in setting up Comprehensive Procurement Guidelines, has focused on the recycled content of carpet and has ignored the broader sustainability issues of water usage, emissions, and energy usage disposal.

Braun said the carpet industry is trying to avoid the off-



Werner Braun, left, Testifies before Hearing Panel

shore pitfalls encountered by the U.S. textile industry. "What is being done to level the playing field with China?" he asked.

The hearing was conducted by Peter Sorum, Senior Advisor to the National Ombudsman. District Director Terri Denison and SBA Regional Administrator Nuby Fowler rounded out the hearing panel.

For more information on the Office of the National Ombudsman, please go to <http://www.sba.gov/ombudsman>.

GWEN Conference Will Bring Hundreds Of Women Business Owners to Athens

Hundreds of women business owners from throughout Georgia will be in Athens April 21-22 for the annual Georgia Women Entrepreneurs (GWEN) Conference.

The conference will be held at the Classic Center convention complex in downtown Athens and will feature a 6-track business workshop; a trade show, and a Southeast Region Procurement Fair co-facilitated by the National Women Business Owners Corporation (NWBOC).



"Our Fourth Annual GWEN Conference offers the knowledge and wisdom of hundreds of women business owners from throughout Georgia," said Nancy Staton, GWEN Director.

To register with a credit card, call 706/542-8510. Ms. Staton can be reached by email at nstaton@sbdc.uga.edu.

The GWEN program is a division of the University of Georgia Small Business Development Center (SBDC).

Georgia Lenders Quality Circle Will Host 2004 Awards Luncheon

The Georgia Lenders Quality Circle is hosting a luncheon on May 6, 2004 honoring the SBA Georgia Small Business Week award winners. The luncheon will be held at the Cobb Galleria Centre.

SBA Georgia District Director Terri Denison will present the following awards to small business owners and advocates:

- Small Business Person of the Year
- Financial Services Advocate of the Year
- Minority Business Advocate of the Year
- Women in Business Advocate of the Year
- Young Entrepreneur of the Year, and
- Small Business Journalist of the Year

Invitations are being sent with details on luncheon ticket purchases. For more information, contact Stephanie Frazier at sfrazier@federalnational.com. Ms. Frazier is Chairman of the Quality Circle, a nonprofit group whose mission is to improve the environment for small business lending in Georgia.